

Message Text

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ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00
DOTE-00 INR-07 NSAE-00 CIEP-01 FAA-00 L-03 H-01 SS-15
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FM AMEMBASSY JIDDA
TO SECSTATE WASHDC 6616
INFO AMEMBASSY CAIRO
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LIMITED OFFICIAL USE JIDDA 8116
ROME FOR RCAA
E. O. 11652: N/A
TAGS: EAIR, SA
SUBJECT: CIVIL AIR: SAUDIS SEEK U.S. BILATERAL AGREEMENT

REF: STATE 231081

1. SAUDI CIVIL AVIATION DIVISION (CAD)
DEPUTY DIRECTOR, ADNAN SADAT, INFORMED US DECEMBER 18
THAT CAD IS: 1) DECLINING TO ACT ON TWO REQUEST FOR
JIDDA SERVICE UNTIL U.S.-SAUDI BILATERAL SIGNED, AND
B) REFUSING GULF AIRWAYS EXTRA CAPACITY ON DHAHRAN-
BAHRAIN FLIGHT DESIGNED TO CONNECT WITH PAN AM'S WEEKLY
DIRECT FLIGHT TO NEW YORK. CAD CLAIMS IT IS ANXIOUS TO
START NEGOTIATIONS FOR BILATERAL WITH U.S. WE ASSUME
ITS ABOVE-MENTIONED ACTS HAVE BEEN TAKEN IN EFFORT TO
BUILD LEVERAGE FOR THAT NEGOTIATION.

2. CAD CLAIMS THAT TWA AND PAN AM'S NEW AND PROPOSED
SERVICES ARE DESIGNED PRIMARILY FOR SAUDI MARKET (PAN
AM FIGURES SUPPORT THIS), AND THAT THEY WILL CUT DIRECTLY
INTO SAUDIA'S EXPECTED MARKET. SADAT DID NOT ACCEPT
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OUR ARGUMENT THAT MARKET IS GROWING ENOUGH TO SUPPORT
ALL THE PROPOSED SERVICES. HE SAID THAT SAUDIA WILL
PROBABLY NOT BE ABLE TO MOUNT ITS OWN SERVICE TO U.S.
FOR SEVERAL YEARS, BUT THAT IN MEANTIME IT WANTS TO SIGN
"COMMERCIAL AGREEMENTS" WITH U.S. CARRIERS (AND RESTRICT
EACH TO ONE GATEWAY). WHEN REMINDED THAT USG PROHIBITS

POOLING ARRANGEMENTS, SADAT SAID THAT U.S. WAS ISOLATED IN THAT POSITION AND THAT GOOD LAWYERS SHOULD BE ABLE TO STRUCTURE ACCEPTABLE AGREEMENT.

3. PLEASE ADVISE WHERE WE STAND ON SAUDI REQUEST FOR BILATERAL. SAUDIS CONSIDER OUR ANSWER OF SEPTEMBER TO HAVE BEEN A HOLDING ANSWER ONLY AND THAT BALL IS STILL IN OUR COURT. WOULD ALSO APPRECIATE STATUS REPORT ON U.S.-U.K. NEGOTIATIONS, CAB-ALIA TALKS, AND OTHER PERTINENT CIVAIR DEVELOPMENTS INCLUDING TWA-PAN AM APPLICATIONS BEFORE CAB FOR MIDEAST SERVICES.

4. ON SEPARATE BUT CONNECTED SUBJECT: WE UNDERSTAND THAT SAUDIA IS UNHAPPY WITH TWO PERFORMANCE IN ITS MANAGEMENT CONTRACT, AND THAT SOME POSSIBILITY EXISTS THAT CONTRACT WILL NOT BE RENEWED.
PORTER

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